



**I/3 Customer Council
Meeting Minutes (APPROVED)
May 10, 2007 ~ 1:30 – 3 p.m.
Hoover Building, Level B, Conference Rooms 2 & 3**

Present: John Baldwin, Rich Jacobs, Joel Lunde, Mike Marshall, Carl Martin, Charlie Smithson, Roger Stirler, Peggy Sullivan
Excused: Penny Westfall, Greg Wright
Absent: --
DAS Staff: Jay Cleveland, Brenda Easley, John Gillispie, Patricia Lantz, Lori McClannahan, Calvin McKelvogue, Laura Riordan, Sharon Sperry
Guests: --

Roger Stirler, chair, called the meeting to order.

Minutes from the April 12, 2007, meeting were reviewed. Motion by Joel Lunde to approve as presented, Rich Jacobs seconded, motion passed unanimously.

DAS Update

Because Director Mollie Anderson was unable to attend the meeting, Calvin McKelvogue provided the update from DAS. The I/3 appropriation went through for \$2 million (\$2.3M was originally requested). The departments with general funding will be the ones to get reimbursed. Source of the \$2 million is the Rebuild Iowa Infrastructure Fund. This is a different source than what we wanted. IDOM needs to talk to DAS Finance to discuss how to distribute the money (don't want to distribute RIIF funds – do memo billing instead?). Agencies won't pay more in FY08 than they did in FY07. DAS will work with IDOM & IGOV to determine if a request can be made for FY09.

FY09 I/3 Budget Discussion (See attachment: **FY09 I3 budget-May presentation to CC.xls**)

For FY09, we are requesting the same amount as FY08: \$4,524,527 (Tab 2 of the financials attachment). Nothing new in the revenues and expenditures figures (Tab 3). Tab 4 provides a four-year comparison. The Subject Matter Experts (SMEs) were moved out in '07. Bridged the gap with multiple resources: Pooled Technology Funds, ITE buy-down. In FY09: bill for everything, general fund distribution. At the end of each year, the cash balance is rolling forward; no over-recovery; not collecting enough to answer. The allocation model has not changed. When we suspend payroll, the base system is a set amount. Tab 6 – basic info: modules, cost, percentages. (Not changed from previous years.)

Going back to Tab 3 – the budget. It breaks down expenses established for '09 – budget, finance/procurement, and human resources. (The feds like to see each area.) Also shown: fees for

ITE services provided for I/3. (Note: SMEs are separate.) Some amounts will go up or down. Postage was added. Communications includes a new phone system and cell phone usage.

Group discussion:

- Why do agencies pay for travel expenses? There are no other funding sources for I/3 (it's a utility). This money is for training employees to keep skill levels up, as well as the cost of employees training others.
- Why the jump in communications costs? Largely due to projected cell phone costs.
- \$400 for auditor fees – can this be passed on? Discussion by the group.
- What do the reimbursement expenses include? Association utility fee = office space, blanket bond. IT = server, mainframe, desktop, etc.
- Are Shared Services costs fixed costs? They are set each year by DAS.
- How many FTEs in I/3? 16.5 (15 plus three part-time employees).

The request for FY09 will be the same as FY08. From FY07 to FY09 there has been an increase in cost, but no increases have been passed on to the agencies due to the cash balance on hand. That cash balance will run out in 2010. Estimated cost for 2010 is \$5.3 million, which is up from \$4.5 million in FY08 and FY09. Also to note: there is no accounting for the new HR Payroll system. Disaster-recovery capabilities are being paid for with the upgrade funds.

This is an expensive system, no doubt about it! But it needs to be understood that the upgrades, etc. are necessary to keep it useful.

Tab 7 of Excel spreadsheet hand-out – Overall costs do not change but allocations do. Some agencies will see increases, some will see decreases – it depends on their FY06 revenues and expenditures. Lunde commented that most agencies can live with this, with some planning. IPERS is seeing an increase of \$28,000, but it will be built into their appropriation.

Smithson asked if approving these rates would stop the discussion of moving I/3 to a leadership function (from utility). Lunde said it would not – discussion can always happen. It was noted that the impact to agencies in 2010 would be significant.

There was a motion by Jacobs to approve the rate-setting process as proposed by DAS to the council, and in doing so, approve the formula for the rate method. Lunde seconded the motion. Discussion: the Council asks that DAS, when the rate communication is sent this summer, communicate clearly to agencies that 2010 will be changing. What do we want agencies to ask for/do for FY09? Smithson asked if DAS was satisfied with the product. McKelvogue replied that while he was skeptical at first, now it feels that we've made good progress. The council then voted on the motion, and the motion passed unanimously.

Other Discussion

There needs to be uniform communication about how to ask for I/3 funding so agencies aren't penalized. Every agency seems to want to do it differently. IDOM/Lunde will go back and talk with DAS to come up with language: "Handle DAS increases this way ..." In FY09 agencies will want to ask for extra. Should IDOM put this in the budget letter? Some agencies have already begun budgeting.

Marshall asked about cell phones, from the public perspective. Who monitors/audits this usage/fee? It was noted that there's an error in the financials that were presented: the cost is \$109 per month for five cell phones, not \$109/month each. The correction will be made in the budget numbers.

Future Meetings & Adjournment

The June and July meetings were cancelled because the tentative rates have been approved and the comment period falls during July. The next meeting is scheduled for August 9. With no further business to discuss, the meeting was adjourned at 2:34 p.m.

Respectfully submitted,
Laura Riordan, substitute secretary
Approved as amended: August 9, 2007